

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2234-01
Bill No.: HB 955 w/ SCA 1
Subject: Health Care; Hospitals; Medicaid; Social Services Department
Type: Original
Date: April 11, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Federal Reimbursement Allowance*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

***Revenues and expenditures of more than \$382 million annually and would net to \$0.**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Federal	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds*	\$0	\$0	\$0

***Revenues and expenditures of more than \$599 million annually and would net to \$0.**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services - Division of Medical Services (DMS)** assume this proposal would not fiscally impact their agency. DMS states that if the federal reimbursement allowance (FRA) program is not extended, additional funding would be needed to maintain the current level of services. DMS assumes the FRA program would not end before the expiration date. DMS also assumes the 85% limit would be met. DMS assumes that FY 2002 would be based on nine months and FY 2003 and FY 2004 would be based on twelve months. The federal participation rate use is 61.06%.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (9 Mo.)	FY 2003	FY 2004
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FEDERAL REIMBURSEMENT ALLOWANCE FUND

<u>Income - Department of Social Services</u>			
Assessment of hospitals	\$286,566,737	\$382,088,983	\$382,088,983
<u>Costs - Department of Social Services</u>			
Program specific expenditures	<u>(\$286,566,737)</u>	<u>(\$382,088,983)</u>	<u>(\$382,088,983)</u>

ESTIMATED NET EFFECT ON FEDERAL REIMBURSEMENT ALLOWANCE FUND

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FEDERAL FUNDS

<u>Income - Department of Social Services</u>			
Medicaid match	\$449,351,951	\$599,135,935	\$599,135,935
<u>Costs - Department of Social Services</u>			
Program specific expenditures	<u>(\$449,351,951)</u>	<u>(\$599,135,935)</u>	<u>(\$599,135,935)</u>

ESTIMATED NET EFFECT ON FEDERAL FUNDS

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2002
(10 Mo.)

FY 2003

FY 2004

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would revise the Hospital Federal Reimbursement Allowance Program. Section 208.471, RSMo, currently requires the Department of Social Services to make payments to Medicaid provider hospitals. New language would provide that prior to June 30, 2002, the payment would be in an annual amount. Beginning July 1, 2002, Sections 208.453 through 208.480 would expire 180 days after the end of any fiscal year in which the aggregate federal reimbursement allowance on hospitals is more than eighty-five percent of the sum of direct Medicaid payments. Uninsured add-on payments and graduate medical education payments would be adjusted to comply with the percentage, unless made during the 180 day period. Direct Medicaid payments, uninsured add-on payments, and enhanced graduate medical education payments would be specifically outlined. The Division of Medical Services may currently provide alternative reimbursement for outpatient services. New language would allow this reimbursement to include payments to clinics serving low-income, uninsured patients. Section 208.480 provides that Sections 208.453 through 208.480 would expire on September 30, 2004.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services



Jeanne Jarrett, CPA
Director

April 11, 2001